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THE FATS AND OILS SITUATION

Prices of most fats and oils, other than drying oils, averaged slightly lower in December 1938 than in November and were markedly lower than prices in December 1937. The most significant change in fat prices however, according to the Bureau of Agricultural Economics, was the relationship of lard and cottonseed oil prices.

The price of refined lard at Chicago in every month of 1937, and in the first 3 months of 1938, was from four-tenths of a cent to 3 cents a pound higher in price than edible cottonseed oil in the same month at the same market. After April 1938 the price differential was in favor of refined cottonseed oil. The price of cottonseed oil was 1 cent higher than lard in December 1938, and for the calendar year 1938 averaged one-tenth of a cent higher.

Similarly compounds and vegetable cooking fats averaged 2.2 cents lower in price in 1938 than in 1937, but in 1937 they averaged three-tenths of a cent lower than refined lard at Chicago while in 1938 they averaged 1 cent higher in price than lard.

Lard production

The increase in hog slaughter in the 1938-39 hog marketing year, which began October 1, 1938, will be reflected in a considerable increase in lard production. It is probable that lard production from federally inspected hog slaughter in 1938-39 will total between 1.15 and 1.2 billion pounds. This will be from 15 to 20 percent larger than the production of about 1 billion pounds under Federal inspection in 1937-38. The average lard production under Federal inspection in the 5 years ending in 1933-34, before hog production was curtailed by drought, was about 1.56 billion pounds.

The December pig crop report indicated that the number of sows farrowing in the spring of 1939 will be about 21 percent larger than the number that farrowed in the spring of 1938. It is not unlikely that the total number of pigs raised in 1939 will be about equal to the 1923-33 average. This will mean a further large increase in hog slaughter and in lard production in 1939-40.

Cottonseed oil production and consumption

Production of crude cottonseed oil during the first 5 months (August through December) of the crop year 1938-39 totaled 809 million pounds compared with 1,093 million pounds in the corresponding months of 1937-38.

Utilization of refined cottonseed oil has been dropping at the same time that lard prices have been going down. A preliminary estimate places apparent disappearance in December 1938 at only about 90 million pounds compared with 143 million in December 1937, and the total apparent disappearance from August through December 1938 was about 570 million pounds compared with 815 million in the corresponding months of 1937.

Stocks

Stocks of cottonseed on hand at mills at the end of December 1938 totaled 1,352,000 tons compared with 1,672,000 tons at the end of December a year ago. In terms of oil equivalent, stocks of seed on hand at the end of 1938 represented more than 100 million pounds less oil than was represented by cottonseed stocks at mills December 1937, but stocks of refined oil on hand are more than 100 million pounds larger than they were a year ago.

A revised edition of State and Federal Legislation and Decisions Relating to Oleomargarine has been prepared and in a few days will be available on request to the Bureau of Agricultural Economics. This is a brief summary of laws in force January 1939, some effects of recent legislation, and a short survey of earlier legislation and regulations.

Table 1 .- Price per pound of specified fats and oils, November - December, and annual, 1937-38

Fat or oil	1937			1938		
	Annual	Nov.	Dec.	Annual	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents
Domestic prices -						
Butter, 92 score, N.Y.	34.39	38.07	38.89	27.94	27.27	28.02
Oleomargarine, domestic vegetable, Chicago	15.77	15.12	15.50	15.48	15.40	14.75
Lard, prime steam, Chicago	11.33	9.50	8.27	8.03	7.06	6.72
Lard refined, Chicago	12.67	11.38	9.78	9.20	8.33	7.94
Lard compound, Chicago	12.42	10.38	10.45	10.17	9.75	9.56
Coconut oil, edible, N.Y.	8.53	6.25	6.25	5.38	4.38	4.28
Cottonseed oil, crude, fob SE mills	8.01	5.98	5.94	6.71	6.47	6.42
Cottonseed oil, psy, N.Y.	9.20	7.10	7.10		7.40	
Soybean oil, refined, N.Y.	10.90	8.75	8.39	8.44	7.90	7.90
Peanut oil, domestic refined, N.Y.	12.14n	10.31n	10.00n	10.20	10.12	10.12
Rape oil, refined, N.Y.	12.27	12.29	12.07	11.03	10.67	10.83
Oleo oil, No. 1, N.Y.	13.06	12.75	12.10	9.12	9.00	8.70
Oleostearine, bbls., N.Y.	9.73	9.06	8.12	7.18	6.75	6.91
Corn oil, refined, N.Y.	11.47	9.84	9.35	9.75	9.59	9.34
Olive oil, edible, N.Y.	31.88	31.87n	31.33n	26.02	25.07	25.07
Teaseed oil, crude, N.Y.	10.79	9.31	9.12	7.81	7.50	8.36
Coconut oil, crude, Pacific Coast	5.96	4.03	3.67	3.14	2.81	2.79
Tallow, inedible, Chicago	7.51	5.39	5.08	5.03	5.22	5.14
Grease, house, N.Y.	7.40	5.12	4.49	4.67	5.02	5.04
Palm oil, crude, N.Y.	5.65	4.16	4.00n	3.83	3.59	3.68
Olive oil foots, bbls., N.Y.	11.10	10.06	9.75	8.05	7.12	7.15
Palm-kernel oil, denatured, N.Y.	5.99	4.72n	4.50n	3.91	3.55n	3.37n
Babassu oil, tanks, N.Y.	1/8.88	2/7.44	6.76	6.44	6.12n	6.12n
Sardine oil, tanks, Pacific Coast	6.00	4.77	4.93	4.70	3.90	4.09n
Linseed oil, raw, Minneapolis	10.33	10.20	10.00	8.74	8.10	8.34
Tung oil, drums, N.Y. 3/	15.70	15.62n	14.85	13.52	14.50	14.98
Perilla oil, drums, N.Y.	12.10	12.75	11.52	10.42	9.94	9.75
Soybean oil, crude, fob mills	8.13	5.62	5.25	5.59	5.03	5.14
Menhaden oil, crude, fob Balto.	5.22n	4.63n	4.81n	4.35	4.00n	4.11n
Foreign prices - 4/						
Cotton oil, crude, naked, Hull	5.83	4.89	4.38	5/4.04	3.96	3.76
Copra, Resecada, P.I.	2.95	5/2.03	1.81	5/1.38	5/1.31	1.22
Palm oil, crude, Hull	6.00	5.25	4.85	5/3.96	3.62	3.47
Whale oil, crude, No. 1, Rotterdam	4.68	4.20	4.13	5/3.13	3.01	2.90
Tallow beef, fair-fine, London	5.77	5.28	5.10	5/4.31	4.15	4.09
Linseed oil, naked, Hull	6.46	6.75	6.29	5/5.30	4.67	4.70

1/ Futures, average for 11 months. 2/ Futures.

3/ During 1937, quoted as "Atlantic Coast."

4/ Converted to U.S. cents per pound at current monthly rates of exchange.

5/ Preliminary.

Table 2.- Price per pound of lard, cottonseed oil, and vegetable cooking fats, by months, 1937-38

Date	Lard		Cottonseed oil		Compounds and vegetable cooking fats
	Prime steam Chicago	Refined, Chicago	Crude, at mills	Deodorized, edible, Chicago	
	Cents	Cents	Cents	Cents	Cents
1937 -					
Jan.	13.6	14.0	10.4	12.4	13.7
Feb.	12.4	13.3	9.9	12.3	13.8
Mar.	12.5	13.2	9.9	12.1	13.7
Apr.	11.6	12.6	9.5n	11.8	13.7
May	11.9	12.9	8.9	11.2	13.2
June	11.9	13.2	8.2n	10.9	13.4
July	12.2	13.6	8.0n	10.5	13.2
Aug.	11.3	13.0	7.0n	10.2	12.2
Sept.	11.0	13.0	6.2n	9.8	11.0
Oct.	10.0	12.0	6.1n	9.6	10.2
Nov.	9.5	11.4	6.0n	9.6	10.4
Dec.	8.3	9.8	5.9	9.4	10.4
Av.	11.3	12.7	8.0	10.8	12.4
1938 -					
Jan.	8.3	10.1	6.2	9.4	10.2
Feb.	8.6	10.1	6.7	9.6	10.3
Mar.	8.8	10.0	7.0	9.6	10.2
Apr.	8.2	9.4	6.9	9.4	10.3
May	8.1	9.2	7.0	9.4	10.2
June	8.4	9.4	6.8	9.4	10.2
July	8.9	9.7	7.3	9.6	10.3
Aug.	8.1	9.0	6.9	9.4	10.6
Sept.	7.8	8.9	6.5	9.1	10.2
Oct.	7.4	8.5	6.3	9.1	10.0
Nov.	7.1	8.3	6.5	8.9	9.8
Dec.	6.7	7.9	6.4	8.9	9.6
Av.	8.0	9.2	6.7	9.3	10.2

Compiled as follows:

Lard, prime steam - National Provisioner. Average of weekly quotations during the month.

Lard refined - Bureau of Agricultural Economics. Average of weekly average of daily quotations during the month.

Cottonseed oil, crude - Oil, Paint, and Drug Reporter. Average of quotations for Saturdays during the month.

Cottonseed oil, edible - National Provisioner. Average of weekly range during the month.

Compounds - Bureau of Agricultural Economics.

Table 3.-Production and disappearance of cottonseed oil, stocks of oil, seed, and lard, 1935-36 to 1938-39

Year	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Total
	Cottonseed oil, crude, production by months												
	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb	Mil. lb
1935-36	43	130	227	191	156	136	107	82	43	24	14	11	1,164
1936-37	30	177	224	203	198	173	130	100	59	34	24	13	1,364
1937-38	53	231	288	275	246	221	198	176	110	69	54	45	1,966
1938-39	68	178	204	196	163								
	Cottonseed oil, refined, disappearance by months												
1935-36	149	140	169	126	89	87	88	84	92	85	101	127	1,337
1936-37	116	114	100	111	142	132	92	109	99	111	130	116	1,371
1937-38	138	165	194	174	143	146	173	149	101	114	155	143	1,796
1938-39	138	112	117	112	(90)								
	Cottonseed oil, stocks at end of month												
1935-36													
Crude	28	74	111	119	133	129	127	114	86	63	37	19	
Refined	343	286	290	344	402	453	489	504	488	460	409	319	
1936-37													
Crude	27	93	123	143	143	147	139	102	68	49	23	11	
Refined	238	228	310	387	430	461	533	579	588	568	515	441	
1937-38													
Crude	32	108	156	187	201	210	204	167	133	88	46	34	
Refined	342	312	330	374	451	493	515	564	602	599	566	488	
1938-39													
Crude	46	112	152	168	175								
Refined	410	397	447	504	564								
	Lard, stocks at end of month												
1935-36	54	45	41	38	53	76	79	77	84	100	107	117	
1936-37	111	102	95	109	146	183	202	217	209	194	185	157	
1937-38	118	73	39	34	54	99	117	121	122	124	126	124	
1938-39	117	90	68	74	107								
	Cottonseed, stocks at end of month												
	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	
1935-36	148	469	829	888	857	635	372	199	98	52	36	22	
1936-37	172	835	1,302	1,392	1,263	881	573	311	157	85	46	42	
1937-38	253	992	1,484	1,742	1,672	1,434	1,161	844	595	472	394	337	
1938-39	371	1,069	1,559	1,559	1,352								

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Production of oleomargarine in the 2 months October and November 1938 was lower than production in the corresponding 2 months of any year since 1934. Although the amount of cottonseed oil used in manufacture in November was slightly larger than in any month since February of 1938, there was no significant change in the percentage proportions of the various ingredients used. Throughout the year, up to November, there has been a slight upward trend in the consumption of imported materials.

Table 4.- Oleomargarine: Production and materials used in manufacture, United States, October and November, 1937 and 1938

Item	1937 1/		1938 1/	
	Oct.	Nov.	Oct.	Nov.
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Oleo oil	773	650	1,026	940
Oleostearine	300	309	344	262
Lard neutral	120	160	110	112
Oleo stock	100	59	122	109
Total animal	1,293	1,178	1,602	1,423
Cottonseed oil	20,154	20,339	10,380	10,807
Soybean oil	2,990	2,186	3,938	4,303
Peanut oil	255	240	215	246
Corn oil	75	109	---	114
Soybean stearine 2/	---	---	11	7
Total domestic vegetable 3/	23,474	22,874	14,544	15,477
Coconut oil	6,964	5,611	8,420	7,023
Palm-kernel oil	231	383	75	18
Babassu oil	992	501	638	643
Total foreign vegetable 4/	8,187	6,495	9,133	7,684
Total fats and oils	32,954	30,547	25,279	24,584
Milk	7,497	7,037	6,247	5,838
Salt and other miscellaneous	2,098	1,878	1,476	1,366
Production of oleomargarine	40,465	37,475	31,092	30,221

1/ Preliminary.
2/ May be either foreign or domestic oil. Arbitrarily used as domestic.
3/ Ordinarily domestically produced.
4/ Not domestically produced.

Compiled and computed from Bureau of Internal Revenue records and Internal Revenue Bulletin.